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EGG MARKETING IN ALBERTA

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PREFACE

This is a report of a study of the marketing system for eggs in Alberta. It is based upon an analysis of the egg marketing records from 1962 to 1966 maintained by the Poultry Division, Canada Department of Agriculture and upon interviews with the managers of several egg marketing firms in Alberta in October, 1966.

Changes in the organization of egg production and marketing in Alberta and in Canada are occurring so rapidly that this report may be soon outdated in some respects.

The use of firm or company names in this report is for identification only, and does not constitute either criticism or endorsement of these firms, or imply discrimination against other similar firms or companies.

ACKNOWLEDGEMENTS

T.J. Adams, District Supervisor, and Jim Thorsteinson, Poultry Officer, of the Poultry Division, Canada Department of Agriculture, Edmonton, supplied background information and assisted in the field aspects of the study.

Frank Payne, Acting Director, Poultry Division, Canada Department of Agriculture, Ottawa and his staff were especially helpful in the assembly of data.

Several large egg producers and managers of egg marketing firms in Alberta provided basic information on egg marketing in Alberta. Suggestions from R.H. McMillan, Poultry Commissioner, Alberta Department of Agriculture, G.R. Purnell, Director, Economics Branch, Alberta Department of Agriculture, G.A. Hiscocks, Assistant Director and Frank Shefrin, Director, Marketing and Trade Services Division, Economics Branch, Canada Department of Agriculture, Ottawa, were especially helpful in revising the manuscript.

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EGG MARKETING IN ALBERTA

Introduction

Alberta's egg industry has undergone many of the changes that have modernized egg production and marketing in the United States and in some provinces of Canada. Most of these changes are the result of developments in the food retailing industry and in egg production technology. Centralization of the buying and merchandising programs of large-volume food retailers has exerted great pressure upon other firms in the food processing and distribution industries, among which are firms that assemble, grade, pack and distribute shell egg. On the other hand, egg producing units have grown in size, and some firms have integrated several of the functions, including marketing, that were traditionally performed by independent egg dealers or by egg producer co-operatives. The trends toward specialization and integration^{1/} in egg production and marketing, so familiar throughout the United States, have become very important within Alberta.

Purpose of Study.- The request for the study of egg marketing in Alberta originated with the Alberta Commercial Egg Producers Association, who have drafted and submitted a marketing scheme for eggs to the Alberta Agricultural Products Marketing Council. The request for the study by the Commercial Producers Association was supported by the Marketing Council and by the Alberta Department of Agriculture.

The purpose of the study is to describe the main features of Alberta's egg production and marketing industry, and to outline the principal changes that have occurred since 1961. This includes a descriptive analysis of the marketing channels for eggs, of the numbers and functions of egg marketing firms, and of recent industry trends toward centralization of procurement and packing. The study also contains a review of the level and movement of egg prices in the Edmonton market since 1962, and a description of the price determining and reporting system. The possibility of the gradual stabilization of egg production and prices by the further spread of specialization and integration is also evaluated.

Research Procedure.- The study was undertaken with the co-operation of the Ottawa and Alberta staffs of the Poultry Division of the Canada Department of Agriculture. The marketing data presented in the report were obtained from the published and unpublished records of the Poultry Division. The study procedure included interviews with several commercial egg producers and managers of egg marketing firms in Alberta. The analysis and preparation of the report was done in Ottawa.

^{1/} Integration is defined here in the broad sense of including both verbal and written marketing contracts or agreements between producer and marketer as well as production contracts under which the integrator retains ownership of the flock and most supplies.

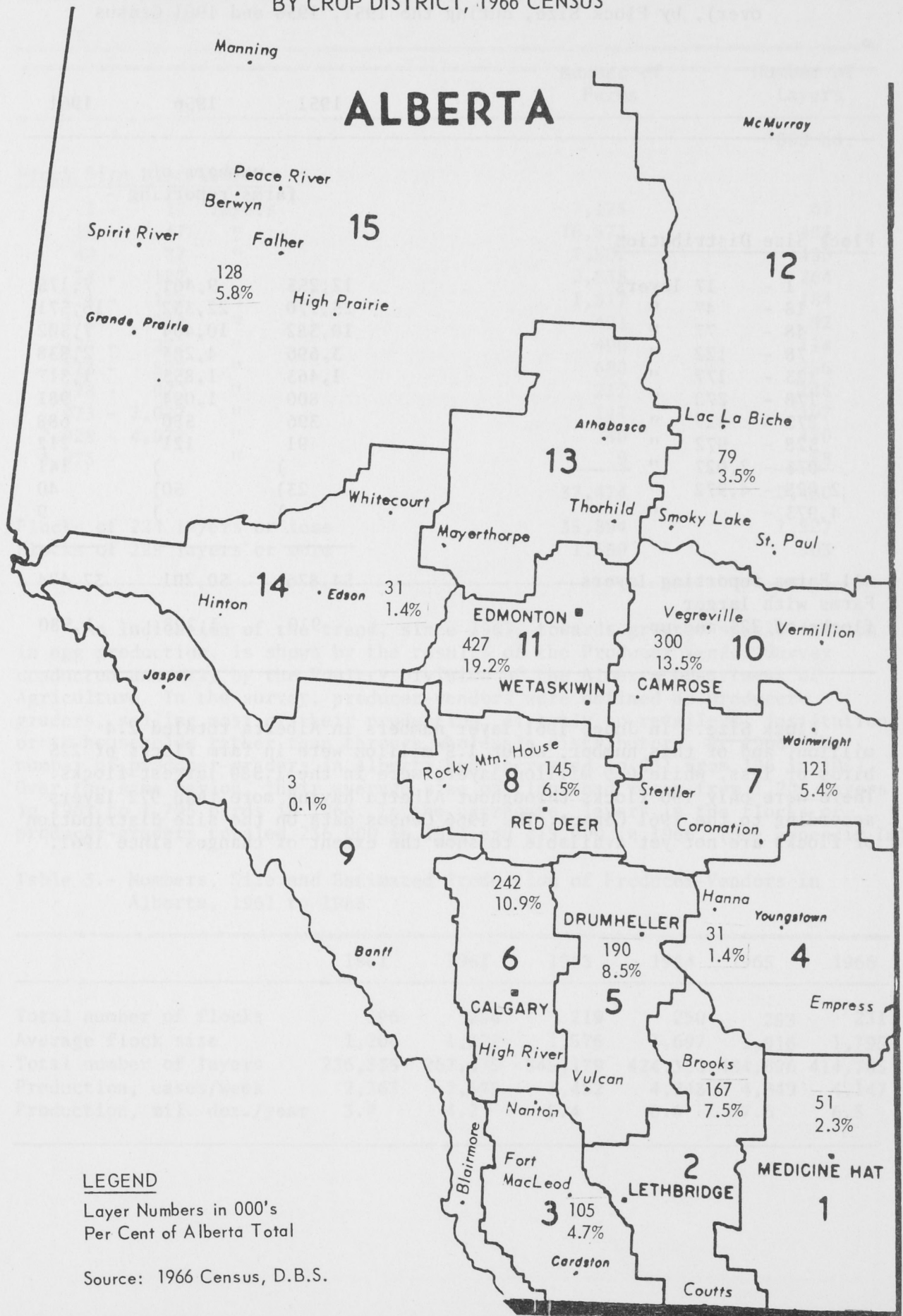
Recent Trends in Egg Production and Marketing

Trends in Production.- Egg production in Alberta has become increasingly specialized within the past several years. There has been a sharp decline in the numbers of small farm flocks and a partially offsetting rise in the numbers of large flocks.

Flock Numbers.- Between 1956 and 1961, the number of farms in Alberta having laying stock declined from 50,201 to 37,474. The reduction was entirely due to the elimination of flocks smaller than about 225 birds. On the other hand, the number of flocks of 225 layers or more increased from 1,298 in 1956 to 1,580 in 1961. The trend toward increasing specialization of egg production continued between 1961 and 1966.

On the basis of a preliminary report of the 1966 Census, Alberta farms having laying stock at June, 1966 numbered about 25,650, down 12,000 from the number reporting layers at June, 1961. At the time of enumeration, 2,227,000 layers were on farms in Alberta. The distribution of layers, by crop district at June 1966 is shown in Chart 1.

CHART 1: DISTRIBUTION OF LAYER NUMBERS IN ALBERTA
BY CROP DISTRICT, 1966 CENSUS



LEGEND

Layer Numbers in 000's
Per Cent of Alberta Total

Source: 1966 Census, D.B.S.

Table 1.- Numbers of Alberta Farms Reporting Hens and Pullets (6 months and over), by Flock Size, during the 1951, 1956 and 1961 Census

	1951	1956	1961
	- numbers of farms reporting -		
<u>Flock Size Distribution</u>			
1 - 17 layers	12,255	9,461	7,175
18 - 47 "	25,770	22,352	16,571
48 - 77 "	10,382	10,404	7,502
78 - 122 "	3,696	4,284	2,838
123 - 177 "	1,463	1,855	1,317
178 - 272 "	800	1,094	981
273 - 527 "	396	580	688
528 - 972 "	91	121	212
973 - 2,027 "))	141
2,028 - 4,972 "	23)	50)	40
4,973 - "))	9
All Farms reporting layers	54,876	50,201	37,474
Farms with larger flocks of 225 and up	910	1,298	1,580

Flock Size.- In June, 1961 layer numbers in Alberta totaled 2.4 million, and of this number, about 1.5 million were in farm flocks of 225 birds or less, while 0.9 million layers were in the 1,580 largest flocks. There were only 190 flocks throughout Alberta having more than 972 layers according to the 1961 Census. The 1966 Census data on the size distribution of flocks are not yet available to show the extent of changes since 1961.

Table 2.- Numbers of layers on Alberta Farms, by Flock Size, During the 1961 Census

		Number of Farms	Number of Layers '000 hd.
<u>Flock Size Distribution</u>			
1 -	17 layers	7,175	61
18 -	47 "	16,571	493
48 -	77 "	7,502	433
78 -	122 "	2,838	264
123 -	177 "	1,317	184
178 -	224 "	491	92
225 -	272 "	490	114
273 -	527 "	688	256
528 -	972 "	212	148
973 -	2,027 "	141	197
2,028 -	4,972 "	40	130
4,973 -	"	9	58
		37,474	2,430
Flocks of 224 layers or less		35,894	1,527
Flocks of 225 layers or more		1,580	903

An indication of the trend, since 1961, towards greater specialization in egg production, is shown by the results of the Producer Vendor Survey conducted annually by the Poultry Division of the Alberta Department of Agriculture. In the survey, producer-vendors were defined as producer-graders, selling most of their production, directly to retailers, institutions, or to households rather than through wholesale distributors. By 1966, the number of producer-graders in Alberta had increased to 231 from 196 in 1961. Over the same period, their average size of flock had risen from 1,206 layers in 1961 to 1,795 birds in 1966. In the aggregate, layers in the flocks of producer-graders totaled 236,000 in 1961 and 415,000 in 1966. (See appendix 1a).

Table 3.- Numbers, Size and Estimated Production of Producer-Vendors in Alberta, 1961 to 1966

	1961	1962	1963	1964	1965	1966
Total number of flocks	196	204	219	250	253	231
Average flock size	1,206	1,372	1,576	1,697	1,916	1,795
Total number of layers	236,335	267,475	345,179	424,330	484,896	414,705
Production, cases/week	2,363	2,675	3,452	4,243	4,849	4,147
Production, mil. doz./year	3.7	4.2	5.4	6.6	7.6	6.5

Total Egg Production.- Alberta's egg production declined steadily between 1957 and 1963 (See Chart 2). It was estimated by the Dominion Bureau of Statistics at 49 million dozen in 1957, and declined continuously to 37 million dozen by 1963, at which time, the downward trend in egg production appears to have been arrested. Most of the drop in total egg production between 1957 and 1963, was due to the abandonment of small laying flocks on many farms throughout the province. The generally narrow margin between egg prices and production costs resulted in egg production being unremunerative to many Alberta farmers having better labor alternatives.

Trends in Marketing.- Since 1961, the total quantity of Alberta eggs sold to consumers through all marketing channels have declined from 34.4 million dozen in that year to 28.9 million dozen in 1966. Over this same five year period, egg marketings through registered grading stations remained fairly stable at about 13 to 14 million dozen each year. These receipts are reported weekly by the Canada Department of Agriculture, and are made up mainly of ungraded deliveries, but also include a small portion of graded purchases from producer-graders, who sell their surplus production through registered egg stations.

Table 2 - Number, Size and Estimated Production of Producer-Vendors in Alberta, 1961 to 1966

	1966	1965	1964	1963	1962	1961
Total number of flocks	131	131	150	210	204	190
Average flock size	1,795	1,916	1,897	1,576	1,775	1,706
Total number of layers	234,705	252,886	284,350	332,178	367,475	326,712
Production, cases/year	4,147	4,513	4,243	5,452	5,870	5,363
Production, mil. doz./year	0.5	0.6	0.6	0.8	0.8	0.7

CHART 2.

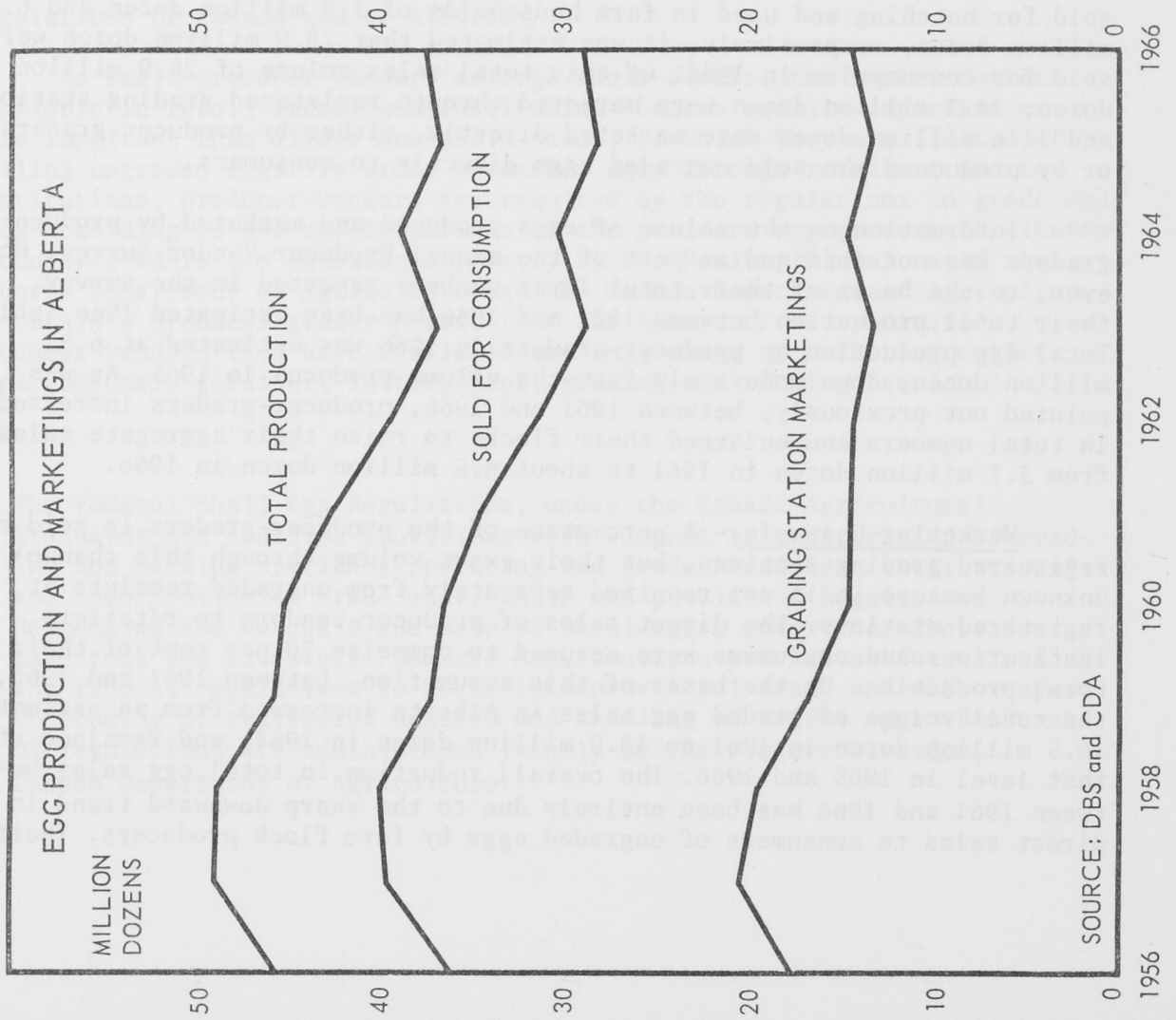


CHART 3. (Data in table 4)

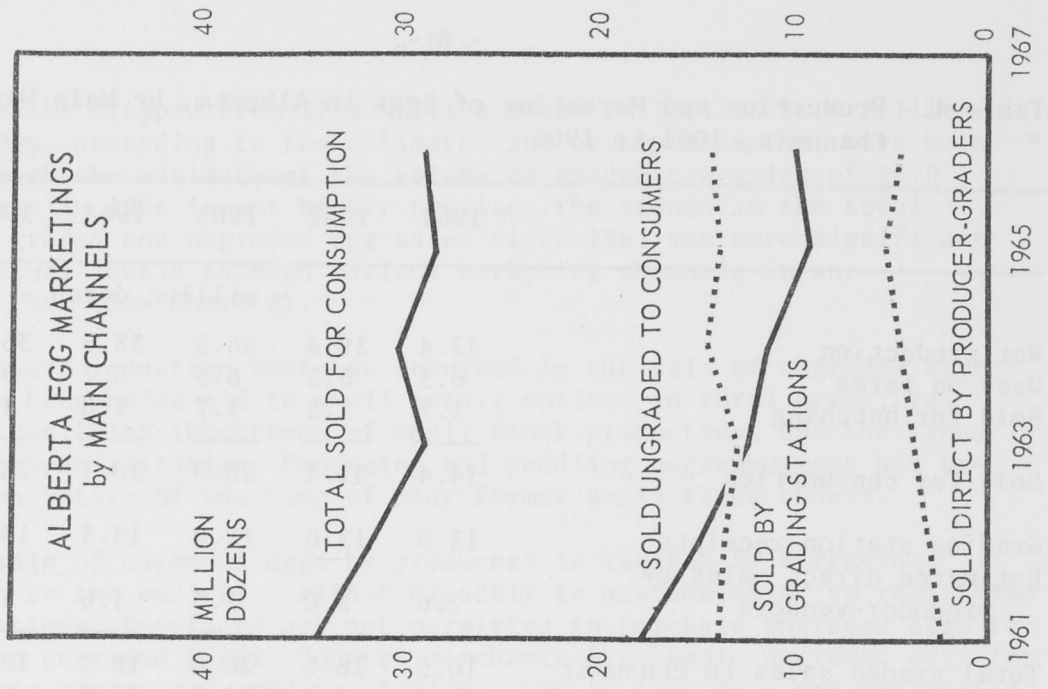


Table 4.- Production and Marketing of Eggs in Alberta, by Main Marketing Channels, 1961 to 1966

	1961	1962	1963	1964	1965	1966
- million dozen -						
Net production	42.4	39.4	36.9	38.6	36.6	37.4
Used on farms	6.3	6.5	6.3	6.7	6.8	6.6
Sold for hatching	1.7	1.5	1.7	1.8	1.7	1.9
Sold for consumption	34.4	31.4	28.9	30.1	28.1	28.9
Grading station receipts	13.9	13.6	12.8	14.3	13.6	14.3
Estimated direct sales by producer-vendors	2.6	3.0	3.8	4.6	5.3	4.6
Total graded sales to consumer	16.5	16.6	16.6	18.9	18.9	18.9
Total ungraded consumer sales	17.9	14.8	12.3	11.2	9.2	10.0

In 1966, egg production in Alberta was estimated at 37.4 million dozen by the Dominion Bureau of Statistics. After deducting the quantities sold for hatching and used in farm households of 1.9 million dozen and 6.6 million dozen, respectively, it was estimated that 28.9 million dozen were sold for consumption in 1966. Of this total sales volume of 28.9 million dozen, 14.3 million dozen were marketed through registered grading stations and 14.6 million dozen were marketed directly, either by producer-graders, or by producers who sold ungraded eggs directly to consumers.

Information on the volume of eggs produced and marketed by producer-graders was not obtained as part of the annual Producer-Vendor Survey. However, on the basis of their total layer numbers reported in the survey, their total production between 1961 and 1966 has been estimated (See Table 3). Total egg production by producer-graders in 1966 was estimated at 6.5 million dozen, down moderately from the volume produced in 1965. As was pointed out previously, between 1961 and 1966, producer-graders increased in total numbers and enlarged their flocks to raise their aggregate sales from 3.7 million dozen in 1961 to about 6.5 million dozen in 1966.

Marketing Channels.- A percentage of the producer-graders is sold at registered grading stations, but their exact volume through this channel is unknown because it is not reported separately from ungraded receipts at registered stations. The direct sales of producer-vendors to retailers, institutions and consumers were assumed to comprise 70 per cent of their total production. On the basis of this assumption, between 1961 and 1966, the total volume of graded egg sales in Alberta increased from an estimated 16.5 million dozen in 1961 to 18.9 million dozen in 1964, and remained at that level in 1965 and 1966. The overall reduction in total egg sales between 1961 and 1966 has been entirely due to the sharp downward trend in direct sales to consumers of ungraded eggs by farm flock producers. Their

aggregate sales dropped from 17.9 million dozen in 1961 to 10.0 million dozen in 1966, according to the estimates and assumptions that have been made. Although the estimate of the volume of graded egg sales of 18.9 million dozen in 1966 is not highly precise, the trends in the total volumes of graded and ungraded egg sales since 1961 are more significant than the actual levels through various marketing channels in any particular year (See Chart 3).

The sharp reduction that has occurred in the sale of ungraded eggs directly to households and to small retail outlets in rural areas, reflects the declining importance of small flock production, and the trend toward more specialization. Producing and peddling ungraded eggs has become unremunerative of the time of many former small flock owners.

The sale of ungraded eggs by producers is limited by marketing legislation to two outlets - either directly to households or to registered grading stations. Retailers are not permitted to purchase ungraded eggs for resale on an ungraded basis. Country merchants may handle ungraded eggs for forwarding to registered grading stations, and in that role are designated as first receivers, with settlement to the producer being on a grade yield basis. Registration as a grading station is required under the Shell Egg Regulations before a dealer may legally purchase ungraded eggs. To obtain registration, the dealer must be able to maintain and operate his premises and to grade and pack eggs according to the standards of the egg marketing regulations of Canada and of Alberta^{2/}.

As small producer-vendors enlarge their flocks, the market outlets available in retail stores and institutions become equally important or more important than direct household sales, to which they are limited if selling ungraded eggs. In order to market eggs through retailers and to institutions, producer-vendors are required by the regulations to grade and pack according to the specifications of the standard egg grades. In Alberta, producer-graders are encouraged jointly by the Poultry Divisions of the Alberta Department of Agriculture and the Canada Department of Agriculture to obtain a producer-grader permit from the Alberta Poultry Division. Producer-vendors then have available the full range of marketing outlets from consumer, retailer, institutions, grading and packing station.

^{2/} The federal Shell Egg Regulations, under the Canada Agricultural Standards Act contains provisions with respect to registration of grading and packing stations, operating and grade standards; international and interprovincial trade etc., while the provincial Regulations Respecting the Purchase and Sale of Shell Eggs, under the Alberta Livestock and Livestock Products Act, contains provisions for extending the federal regulations to cover intraprovincial trade and with respect to bonding of registered dealers and handling of reject eggs. Both sets of regulations are administered jointly by the Poultry Division, Canada Department of Agriculture.

Marketing Firms and Their Functions

The egg marketing system in Alberta in 1966 was made-up of many different types and sizes of firms, among the most important of which were several thousand producer-vendors of ungraded eggs, about 231 producer-graders, two large producer co-operatives, 39 independent dealers and two large integrated dealers. Except for the producer-vendors, these firms operate one or more registered grading and/or packing stations within the province of Alberta.

Producer-graders.- Of the 231 producer-graders included in the 1966 Producer-Vendor Survey, about the same number of producers had laying flocks smaller than 1,000 birds as had flocks larger than that size. The size distribution of the flocks of producer-graders in 1966 ranged from under 300 to over 5,000 layers, and had not changed significantly since 1964, the first year for which the size distribution of flocks was reported (See Appendix 1a).

Most of the largest producer-vendors in 1966 were located in southern and central Alberta while the smaller producer-graders were most numerous in the northwestern sections of the province, especially in the Peace River Region. However, there were some producer-vendors with flocks smaller than 500 layers and larger than 5,000 layers in each of the five main geographic divisions of Alberta. Large urban centres, a more moderate climate, and a large number of Hutterite colony farms in the South, likely accounts for the greater frequency of the largest producer-vendors in the portion of the province from Edmonton southward. There are relatively few grading stations in the northwestern portion of Alberta, and consequently more egg producers in that area have assumed the grading and marketing functions.

The survey data also reveals that an increasing number of the producer-graders have become more specialized in that, (1) White Leghorn strains have almost entirely replaced brown egg layers, (2) controlled temperature cooling facilities have been installed on more and more farms, and (3) the largest flock operators have adopted cages rather than raised floor or litter systems. The white-shelled egg layer in Alberta has become predominant because white shell color is associated with freshness and better quality in the prairie area. Most of the small farm flocks were dual purpose, brown egg layers that were housed, fed and otherwise managed under a wide range of conditions. Egg gathering, storage and delivery conditions were as variable as flock management, and consequently the quality of brown farm eggs varied widely from farm to farm and from season to season. This has resulted in a strong trade and consumer preference for white shelled eggs in Alberta because of the improved level of management and egg handling practices among the commercial flock operators.

Producer Co-operatives.- There were two large producer co-operatives handling eggs in Alberta in 1966, but eggs comprised only a portion of the total business of each co-operative. The Alberta Poultry Marketers Co-operative Limited was also engaged in processing and marketing poultry meat while the Central Alberta Dairy Pool was primarily involved in creamery and condensery operations. In November 1966, A.P.M. were operating 16 egg grading stations throughout Alberta, the three largest grading stations in

terms of volume being in Calgary, Edmonton and Lethbridge (they had two stations in Calgary), while 12 smaller receiving stations were located in smaller centres throughout the province. Of these 12 country stations, 8 grading stations were closer to Edmonton and 4 grading stations were in southern Alberta.

In November, 1966, C.A.D.P., whose annual egg volume through registered stations in 1965 was only about one quarter of that handled by A.P.M., were operating 14 grading stations in southern and central Alberta. The Calgary station in 1965 handled several times the volume of any of their 13 satellite stations.

In 1966, the Northern Alberta Dairy Pool also operated eight packing stations in northwestern Alberta, but their total volume of receipts from producer-graders was very small. Packing stations are also registered under the egg marketing regulations but differ from grading stations in that only graded eggs are handled, but repacking of loose graded eggs into cartons prior to distribution is often involved. Packing stations may receive graded eggs directly from producer-vendors, but most of their requirements are ordered from grading stations.

Table 5.- Trends in the Numbers of Egg Marketing Firms in Alberta, by Type of Firm, 1962 to 1966

Type of Firm	1962	1963	1964	1965	1966
<u>Specialty Produce Dealers</u>					
Producer Co-operative	1	1	1	1	1
Urban dealers	10	11	11	11	11
Rural dealers	30	27	24	22	17
Producer dealers	2	3	3	4	4
	<hr/> 43	<hr/> 42	<hr/> 39	<hr/> 38	<hr/> 33
<u>Dairy Produce Dealers</u>					
Producer Co-operative	1	1	1	1	1
Company or proprietorship	7	7	7	7	7
	<hr/> 8	<hr/> 8	<hr/> 8	<hr/> 8	<hr/> 8
<u>Other</u>					
Meat Packer	1	1	1	-	-
Retail Food Chain	-	1	1	1	1
Feed Company	1	1	1	1	1
	<hr/> 2	<hr/> 3	<hr/> 3	<hr/> 2	<hr/> 2
Total	53	53	50	48	43

Independent Dealers.- The 39 independent egg dealers operating grading stations in late 1966 may be classified into four fairly distinct groups. Urban dealers, of whom there were 11 active in late 1966, were located in Edmonton, having 8, in Calgary with 2 and in Lethbridge with one. Three of the Edmonton dealers operated one or more country grading stations, in addition to their main business premises in Edmonton. Rural dealers, of whom there were 17 active in late 1966, handled a considerably smaller average annual volume in 1965, about 2,700 cases, compared with the average annual volume of 9,600 cases handled by urban dealers. Dairy produce dealers, primarily engaged in the dairy and creamery business, of whom there were 7 active in late 1966, handled an average volume of about 2,200 cases in 1965. The majority of these dealers were in the southern part of the province. Producer dealers were operating three registered grading stations in Edmonton and one in Calgary in late 1966.

The advantages to the largest producers of having a registered grading station, rather than remaining a producer-grader, is that he is permitted under the regulations to buy either ungraded or loose graded eggs to supplement his requirements with regard to quantities, sizes and packaging. This added flexibility in procurement, tends to strengthen the merchandising programs of the large producers who have integrated the production and marketing functions.

Producer-graders, unless they have obtained registration as a grading station are not permitted under the egg regulations to buy either ungraded eggs from other producers or graded eggs from registered stations. That is, registration as a grading or packing station is a prerequisite to engaging in any egg wholesaling operations in Alberta. As a result, producer-vendors usually have flocks producing in excess of their direct sales outlets, and sell their surplus and under-grades through a registered dealer willing to buy their product. If the producer-vendor is successful in expanding his sales volume, it becomes more desirable to obtain registration, and additional supplies from other producers with whom he has made shipping and buying arrangements.

Integrated dealers.- Canada Safeway Limited and the Ogilvie Flour Mills Company Limited are the two largest integrated dealers within the egg marketing system in Alberta. Safeway, as part of their retail food chain in Western Canada, have operated a large grading and packing station in Edmonton since 1963, and their more active participation since that time has greatly influenced subsequent developments in Alberta's egg marketing system. Ogilvie, a feed manufacturer and poultry meat processor as well as a registered egg dealer, has also contributed toward the modernization of Alberta's egg marketing system, but their impact has been less than that of Safeway. Safeway took the lead in Alberta to develop an egg procurement and processing program that was complimentary to the merchandising requirements of their retail food chain stores in Alberta. Their single grading station in Edmonton is, by far, the largest in Alberta, and they also operate, through Macdonalds Consolidated Limited, their wholesale subsidiary, registered packing stations in Calgary, Lethbridge and Medicine Hat.

Registered Breaking Plants.- Three egg marketing firms in Alberta, A.P.M. at Calgary, C.A.D.P. at Red Deer and Alix and Ogilvie at Edmonton, operate four egg breaking and freezing facilities for making egg melange^{3/}. Most of the eggs utilized for melange are either undergrades or surplus farm eggs. Farm egg production is seasonally largest during May and June at which time, a portion are surplus to market requirements, while higher air temperature during the summer, results in a high percentage of undergrades among farm eggs during these months. The seasonal peak in melange production in Alberta coincides with the seasonally large supply of farm eggs (see Table 12) of which undergrades frequently comprise a high proportion compared with the low percentage among commercial eggs^{4/}. Frozen egg production in Alberta in 1966, shown in Table 13, totaled 678,000 pounds, equivalent to 17,000 cases, about 4 per cent of total registered egg receipts in 1966.

Procurements and Processing Policies.- The various firms in the egg marketing system in Alberta employ procurement and processing policies that their management believe will achieve their particular business objectives. As there are important and significant differences in the objectives of the various egg marketing firms, it is not surprising to find corresponding differences in the procurement and processing policies and programs of these firms. The term processing is used to include the operations of washing, grading and packaging of shell eggs as well as the more complex operations of converting shell eggs to various liquid, frozen or dried egg products.

A.P.M., the largest of the two egg producer co-operatives in Alberta, was organized many years ago to assemble, process and merchandise the eggs from farm flock shippers. As was pointed out previously, farm egg production was highly variable with respect to the quantity, quality and regularity of production. Subsequently, A.P.M.'s procurement and merchandising programs became outdated in relation to the requirements of their largest retail customers.

This situation in which the chain retailer was dependent upon several registered dealers to supply their egg requirements, influenced Safeway to establish in 1963 a centralized egg processing plant in Edmonton, similar to their successful operations in Vancouver and in Winnipeg. Since that time, Safeway has pursued an aggressive program to procure their total egg requirements from their own shippers, and by 1966 had no further need to buy graded eggs either from dealers or from producer-vendors for the majority of their retail outlets in Alberta. Not only was an important retail customer lost to the wholesale dealers, but many of the better egg producers in Alberta became Safeway shippers.

^{3/} Egg breaking plants are registered under the federal Frozen Egg Regulations, which contains provisions with respect to operating and grade standards, packing, marking trade etc.

^{4/} Shipments of breaking stock from Alberta to Winnipeg, a principal egg processing centre, constitutes an important outlet.

Partly because Safeway did not have sufficient shippers around Edmonton and in Central Alberta, they established a delivery station in Lethbridge to which producers in that area could deliver. Ungraded eggs are picked up by Safeway at the farm or at the delivery station, processed in Edmonton and distributed from Edmonton to most of the Safeway stores throughout the province. It is the policy of the company to obtain their egg requirements from well-managed flocks, producing a minimum of 15 cases per week. They will not accept receipts from small flock producers because of the additional expense of assembly, grading, settlement and miscellaneous service. There is a verbal agreement between Safeway and their shippers to deliver their entire production, and with respect to flock and egg management practices.

Ogilvie, who acquired Edmonton Produce in 1962, have also centralized their processing operations in Edmonton, and had closed by late 1966, all but one of the seven country stations they had operated since 1962. Ogilvie has also undertaken to stabilize their egg receipts by contracting with interested producers at a guaranteed minimum price. Their standard egg contract provides a minimum guarantee price per dozen and a provision for profit sharing on markets above that level.

Cal-Ed Poultry Farm Eggs entered the Edmonton egg market in 1964, and are associated with a large independent egg wholesaler operating in Manitoba and Central Canada. The firm adopted the procurement and merchandising programs of its associate produce companies, and have enlarged their volume substantially since beginning operations in 1964. Cal-Ed have also a portion of their supply under contract with producers and are endeavoring to obtain a larger share under that arrangement. Their contract has terms with regard to a guarantee minimum price and profit sharing similar to the Ogilvie contract.

Cal-Ed is also endeavoring to obtain larger producers, and to encourage this, are buying eggs on a price quantity schedule, with their largest shippers getting the top price. Their contract shippers are paid one cent per dozen more than their largest non-contract shippers. Cal-Ed is the only marketing firm in Alberta using this device, although it was employed by Safeway who later dropped it in favor of a minimum limit with respect to the size of their shippers.

Changes in the Marketing Structure.- The entries of Safeway, Ogilvie and Cal-Ed into the Alberta egg marketing industry have had a pronounced influence upon recent changes in the structure of Alberta's egg marketing system and also upon the other firms in the industry. Their centralized packing operations in Edmonton has resulted in a sharp rise in both the volume and proportion of registered dealer egg receipts channeled through Edmonton, and a corresponding drop in the volume and proportion of graded receipts at smaller centres. In 1965, dealer receipts in Edmonton totaled 207,000 cases, or 45 per cent of Alberta's 1965 total, compared with 62,000 cases in 1961, about 14 per cent of Alberta's total in that year.

The trend toward the centralization of egg processing operations in the urban centres is reflected in the decline in the numbers of independent rural dealers, the number of satellite country stations and the proportion of registered egg receipts through country stations. In 1966, there were 43 egg marketing firms operating registered grading stations in Alberta, a drop from 53 firms in 1962. Reductions in the numbers of small rural dealers from 30 firms in 1962 to 17 firms in 1966 accounted for all of the overall decline in the number of industry firms. On the other hand, during the same period, the number of producer-dealers (integrated producers) rose from 2 in 1962 to 4 in 1966, while the numbers of independent urban dealers increased from 10 in 1962 to 11 in 1966. The new integrated producers have established their operations in either the Edmonton or Calgary markets.

Table 6.- Trends in the Numbers of Grading Stations Operated in Alberta, by Type of Firm, 1962 to 1966

Type of Firm	1962	1963	1964	1965	1966	November 1966
<u>Specialty Produce Dealers</u>						
Producer Co-operative	32	32	32	30	18	16
Urban dealers	15	17	17	18	18	16
Rural dealers	31	28	24	23	21	18
Producer dealers	2	3	3	4	5	4
	<hr/> 80	<hr/> 80	<hr/> 76	<hr/> 75	<hr/> 62	<hr/> 54
<u>Dairy Produce Dealers</u>						
Producer Co-operative	17	17	16	16	16	14
Company or Proprietorship	10	10	9	9	8	8
	<hr/> 27	<hr/> 27	<hr/> 25	<hr/> 25	<hr/> 24	<hr/> 22
<u>Other</u>						
Meat Packer	2	2	1	-	-	-
Retail Food Chain	-	1	1	1	1	1
Feed Company	6	8	7	6	2	2
	<hr/> 8	<hr/> 11	<hr/> 9	<hr/> 7	<hr/> 3	<hr/> 3
Total	115	118	110	107	89	79

The downward trend in the numbers of registered grading stations in Alberta is a further reflection of the trend toward greater centralization of the egg processing and merchandising operations. The most outstanding development was the closure between 1962 and 1966 of 16 country stations by A.P.M., of 3 by C.A.D.P., of 2 by other rural dairy firms and of 6 by Ogilvie. These 27 satellite stations closed were in addition to the 13 that were closed as a result of the drop in the number of rural dealers, being an overall reduction of 40 country stations within the past five years.

Of these closed country stations, 10 were located in southern Alberta, that is, in the Calgary-Lethbridge and Red Deer market area, while 30 were located in northern Alberta, where Edmonton is the main urban centre. Most of the stations closed by A.P.M. and by Ogilvie were in the Edmonton trading area.

Table 7.- Trends in the Numbers of Grading Stations, by Location in Alberta at December 31, 1961 to 1965, and at November, 1966

	1961	1962	1963	1964	1965	November 1966
Calgary	4	4	4	5	5	6
Lethbridge	3	3	3	3	3	3
Other southern stations	39	39	37	37	30	29
Total Southern Alberta	46	46	44	45	38	38
Edmonton	11	11	14	14	14	14
Other northern stations	59	59	53	48	36	27
Total Northern Alberta	70	70	67	62	50	41
Total Alberta	116	116	111	107	88	79

Since 1962, there has been a small rise in the number of egg packing plants in both Calgary and Edmonton, and a sharp rise in the volume of eggs marketed through Edmonton firms. This largely reflects the establishment in Edmonton of Safeway, Ogilvie and Cal-Ed, and to a lesser extent the volume of two new producer-dealers and of one new independent dealer in Edmonton. Between 1962 and 1966, the volume of registered eggs receipts through Edmonton firms increased from 68,000 cases in 1962 to 207,000 cases in 1965.

At Calgary, the number of egg marketing firms increased from 4 in 1962 to 6 in 1966. A.P.M. acquired in late 1964, a modern packing plant, built in that year. The modest increase in the volume of registered egg receipts at Calgary from 51,000 cases in 1964 to 64,000 cases in 1965 reflects the influence of the new A.P.M. plant. Whether the aggressive procurement program of Safeway has had the result of reducing the volume of receipts through Calgary is not revealed by the data, but Safeway's operations would have had that effect since their Calgary stores are largely supplied from their Edmonton packing plant, and to a lesser extent from either the Winnipeg or Vancouver operations. The 1965 sales volume of the new producer-dealer at Calgary was not included in total receipts at that market, since this firm became registered in 1966. However, the Calgary receipts do include the volume of graded receipts from producers at the Burns registered packing station.

Safeway's influence at Lethbridge upon the volume of registered egg receipts in that market has been pronounced. The operation of their buying station contributed to the sharp reduction in the total receipts at Lethbridge from 53,000 cases in 1963 to 20,000 cases in 1965, a drop from 13 per cent of the provincial total in 1963 to 4 per cent by 1965. There are three grading stations operating in Lethbridge, one by C.A.D.P., one by A.P.M. and one by Southalta Produce, an independent dealer.

Table 8.- Trends in the Volume of Registered Dealers' Egg Receipts, by Location in Alberta, 1962 to 1965

	1962	1963	1964	1965
- thousand cases -				
Calgary	60	49	51	64
Lethbridge	43	55	24	20
Other southern stations	89	82	88	71
Total southern Alberta	192	186	163	155
Edmonton	68	91	183	207
Other northern stations	211	159	139	97
Total northern Alberta	279	250	322	304
Total Alberta	471	436	485	459
- per cent -				
Calgary	13	11	11	14
Lethbridge	9	13	5	4
Other southern stations	19	19	18	16
Total southern Alberta	41	43	34	34
Edmonton	14	21	38	45
Other northern stations	45	36	28	21
Total northern Alberta	59	57	66	66
Total Alberta	100	100	100	100

The closing of small country packing stations appears to be the result of other factors besides the recent trend towards the centralization of procurement, packing and merchandising operations. Some of these factors are complimentary with the main trend toward fewer and larger marketing firms while other factors are supplementary. The steady abandonment of small, laying flock operations and the increasing size of egg producing units parallels the changes occurring in the egg marketing system. On the other hand, such factors as the improvement of highways and secondary roads, and the downward trend in the numbers of creameries, are supplementary factors that have had some influence upon recent changes in the egg marketing system in Alberta.

The increase in the volume of egg marketings through fewer and larger grading stations mostly reflects their generally greater efficiency compared with small plants. The greater efficiency that usually exists within larger egg marketing firms appears to be partly due to the effect of better management in organizing its procurement and merchandising programs as well as to the greater physical efficiency in egg processing operations. Smaller country stations could be more competitive with larger packing plants provided their egg receipts and sales were sufficiently regular to utilize their plant facilities and labor at a high percentage of their plant capacity. It is probably true that small firms, because of generally lower labor costs are able to partially offset the higher labor productivities of more highly mechanized packing plants. In addition, their fixed plant costs for depreciation, taxes, insurance and interest are usually lower than for new urban plants, while utilities cost about as much on a unit basis. Packing materials cost could also be lower for the small plant if arrangements were made with customers for returning cases, filler flats and some cartons. While small firms may not be able to obtain the volume discounts on new packaging materials available to larger buyers, they can often buy the used cases of these larger firms. Most of the few remaining, independent country stations in Alberta are operated on a part-time basis, in association with other enterprises.

Other factors, besides the economies of scale in centralized packing operations, have also prevailed in Alberta. Otherwise, the expansion of production and marketing by producer-vendors would not have occurred, if a distinct overall advantage existed with respect to large volume, centralized operations. The reasons why many commercial producers have retained the marketing functions, in spite of the apparent advantages of greater specialization and division of labor, appear to be quite complex and were not fully determined during the survey of marketing firms. Several reasons were suggested for this, among the most important of which was dissatisfaction with the level of charges and with the policies of the main marketing firms in Alberta.

One reason for the lack of greater concentration of egg marketings among fewer firms in Alberta, is that Alberta's egg production has declined in recent years to the point of provincial self-sufficiency, and small marketers have been about as effective in competing for local markets as have the larger firms. If Alberta's inter-provincial export trade had been maintained and expanded as was the case in Manitoba, the industry structure in Alberta would likely be more efficient than is the situation at present.

At the present time, Alberta's ability to market eggs in British Columbia and Eastern Canada on a continuous basis is restricted by relatively efficient egg industries in British Columbia, Manitoba and Eastern Canada. In relation to these other provinces, the competitive position of Alberta's egg industry appears to be more the result of slower trends towards modernization of its egg industry rather than to the presence of high cost factors affecting egg production. Egg producers in Alberta have an important cost advantage with respect to feed and some other supplies, but their location with respect to urban markets in British Columbia and Quebec reduces the possibility of regaining an export position in the near future.

Prices

Price Levels and Movements.- Between 1962 and 1966, egg prices to producers at Edmonton have fluctuated within a wide range. Generally speaking, the movement in egg prices has been in the opposite direction of changes in the level of egg marketings in Alberta. The monthly weighted egg price to producers for all grades at Edmonton, shown in Table 9, ranged between a low of 18.5 cents per dozen in January, 1965 and a high of 47.0 cents per dozen in October of that year. During this period, egg receipts at registered stations in Alberta declined from 42 thousand cases in January to 31 thousand cases in October. Egg prices improved by 150 per cent while supplies declined by about 25 per cent during that 10 month period. Although, changes in egg prices and marketings during 1965 were unusually large, each of the other years from 1961 to 1966, were also marked by fairly wide swings in both egg prices and marketings.

Table 9.- Monthly Weighted Average Egg Prices to Producers for all Grades at Edmonton, 1962 to 1966

	1962	1963	1964	1965	1966
	- cents per dozen -				
January	21.6	19.8	22.0	18.5	25.8
February	23.6	24.3	22.6	20.1	29.6
March	26.2	29.3	22.3	24.0	35.3
April	23.9	25.6	22.4	25.7	32.4
May	20.0	24.0	17.0	26.3	29.5
June	19.6	25.0	17.8	26.4	27.0
July	26.8	29.2	21.8	28.0	33.5
August	30.2	31.3	27.8	33.3	40.0
September	29.0	34.8	26.2	37.4	38.6
October	28.9	32.4	22.9	47.0	34.9
November	30.1	27.6	21.2	42.3	39.0
December	26.6	26.4	20.3	39.2	35.8
Year	25.0	27.1	21.8	29.8	33.4

Table 10.- Monthly Average Egg Prices to Producers for Grade A Large at Edmonton, 1962 - 1966

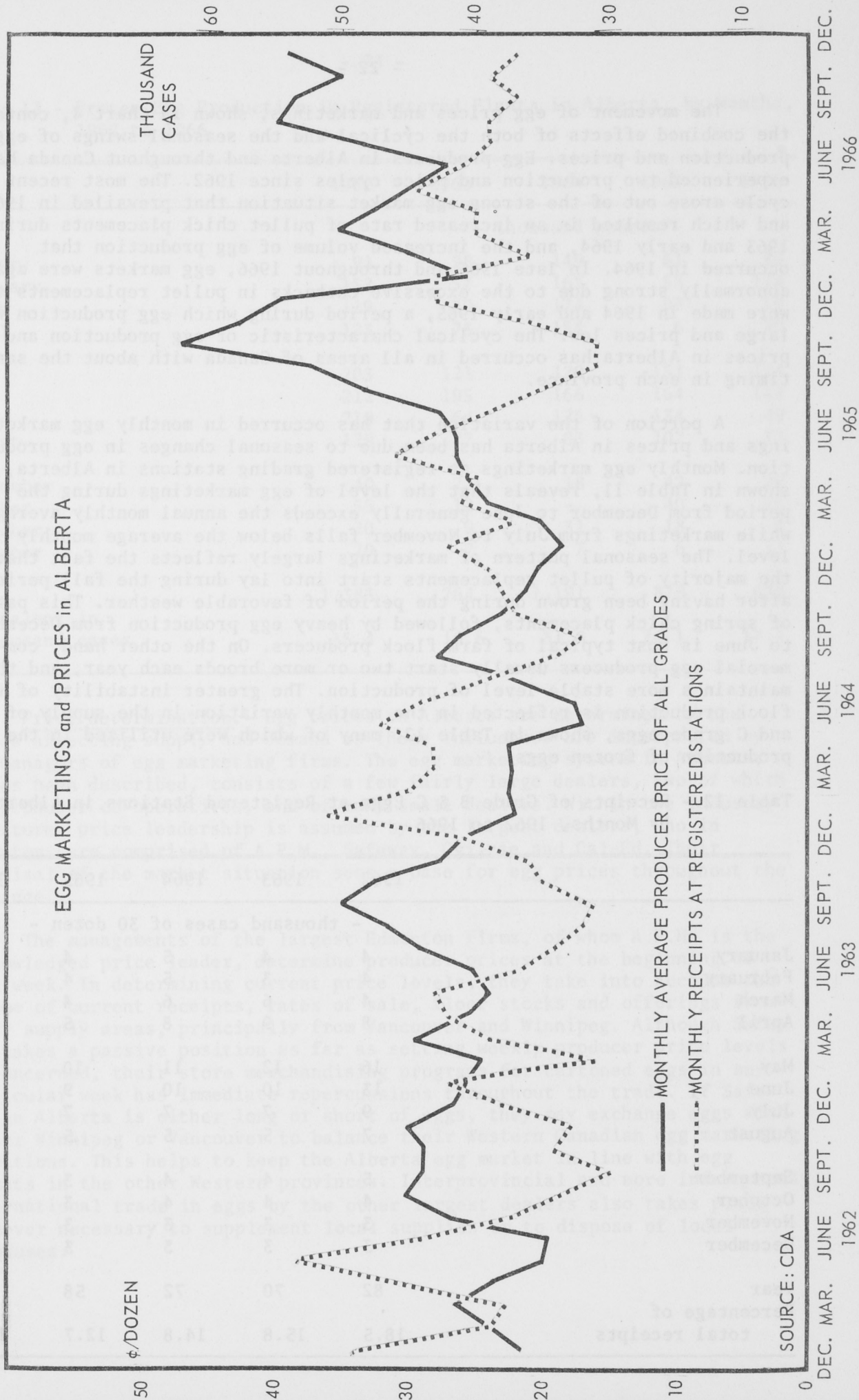
	1962 ^{a/}	1963 ^{a/}	1964	1965	1966
	- cents per dozen -				
January	25.0	24.0	23.8	20.1	27.8
February	25.0	22.0	24.5	21.8	32.0
March	25.0	34.0	24.3	26.4	38.4
April	26.0	30.0	24.5	28.6	36.0
May	24.0	26.0	18.8	30.5	32.3
June	22.0	29.0	21.3	30.6	30.5
July	30.0	29.0	28.2	33.0	39.5
August	40.0	42.0	34.2	40.0	47.0
September	35-37	39.0	31.6	42.8	45.1
October	40.0	43.0	28.0	52.0	40.5
November	36.0	36.0	25.2	46.7	42.9
December	36.0	30-33	22.7	42.2	39.2

^{a/} Prices paid to producers at registered stations on first Tuesday of each month.

Table 11.- Egg Receipts at Registered Grading Stations in Alberta, by Months, 1962 to 1966

	1962	1963	1964	1965	1966
	- thousand cases of 30 dozen -				
January	49	42	51	42	43
February	39	31	45	37	36
March	38	39	43	41	40
April	46	42	43	40	40
May	53	43	47	46	44
June	44	37	44	43	41
July	37	34	37	39	39
August	34	32	34	35	39
September	30	31	32	31	37
October	34	35	37	31	39
November	33	36	38	36	37
December	38	41	39	43	44
Year	476	443	488	462	477
Monthly average	40	37	41	38	40

CHART 4. Data in table 9 (prices) and table 11 (marketings)



The movement of egg prices and marketings, shown in Chart 4, contains the combined effects of both the cyclical and the seasonal swings of egg production and prices. Egg producers in Alberta and throughout Canada have experienced two production and price cycles since 1962. The most recent cycle arose out of the strong egg market situation that prevailed in 1963, and which resulted in an increased rate of pullet chick placements during 1963 and early 1964, and the increased volume of egg production that occurred in 1964. In late 1965 and throughout 1966, egg markets were again abnormally strong due to the excessive cutbacks in pullet replacements that were made in 1964 and early 1965, a period during which egg production was large and prices low. The cyclical characteristic of egg production and prices in Alberta has occurred in all areas of Canada with about the same timing in each province.

A portion of the variation that has occurred in monthly egg marketings and prices in Alberta has been due to seasonal changes in egg production. Monthly egg marketings at registered grading stations in Alberta, shown in Table 11, reveals that the level of egg marketings during the period from December to June generally exceeds the annual monthly average, while marketings from July to November falls below the average monthly level. The seasonal pattern of marketings largely reflects the fact that the majority of pullet replacements start into lay during the fall period, after having been grown during the period of favorable weather. This pattern of spring chick placements, followed by heavy egg production from December to June is most typical of farm flock producers. On the other hand, commercial egg producers usually start two or more broods each year, and thus maintain a more stable level of production. The greater instability of farm flock production is reflected in the monthly variation in the supply of B and C grade eggs, shown in Table 12, many of which were utilized in the production of frozen eggs.

Table 12.- Receipts of Grade B & C Eggs at Registered Stations in Alberta, by Months, 1962 to 1966

	1962	1963	1964	1965	1966
- thousand cases of 30 dozen -					
January	4	4	5	4	4
February	4	3	5	4	3
March	4	6	6	4	4
April	8	9	8	5	6
May	16	12	11	10	8
June	13	10	10	9	6
July	9	7	7	7	5
August	7	5	5	5	4
September	5	4	4	3	4
October	4	4	4	3	3
November	3	3	3	3	3
December	3	3	3	3	3
Year	82	70	72	58	53
Percentage of total receipts	18.5	15.8	14.8	12.7	11.1

Table 13.- Frozen Egg Production in Registered Plants in Alberta, by Months, 1962 to 1966

	1962	1963	1964	1965	1966
- thousand pounds -					
January	91	98	149	61	80
February	152	54	163	53	114
March	119	30	174	97	10
April	123	73	154	6	70
May	203	121	120	151	124
June	212	195	166	164	144
July	219	64	125	134	49
August	129	77	83	107	17
September	40	23	18	42	29
October	55	12	-	40	26
November	20	9	31	18	4
December	20	7	7	6	11
Year	1,383	764	1,191	878	678
Equivalent in thousand cases	35.4	19.6	31.8	24.1	17.4

Price determination.- Egg prices in Alberta are determined by the forces affecting supply and demand as these influences are interpreted by the managers of egg marketing firms. The egg marketing system in Alberta, as has been described, consists of a few fairly large dealers, two of which are producer co-operatives, and of many small dealers. Within the industry structure, price leadership is assumed by the largest dealers, who in Edmonton, are comprised of A.P.M., Safeway, Ogilvie and Cal-Ed. Their appraisal of the market situation sets a base for egg prices throughout the province.

The managements of the largest Edmonton firms, of whom A.P.M. is the acknowledged price leader, determine producer prices at the beginning of each week. In determining current price levels, they take into account the volume of current receipts, rates of sale, floor stocks and offerings from other supply areas, principally from Vancouver and Winnipeg. Although Safeway takes a passive position as far as setting weekly producer price levels is concerned, their store merchandising programs for cartoned eggs in any particular week has immediate repercussions throughout the trade. If Safeway in Alberta is either long or short of eggs, they may exchange eggs with either Winnipeg or Vancouver to balance their Western Canadian egg marketing operations. This helps to keep the Alberta egg market in line with egg markets in the other Western provinces. Interprovincial and more infrequently, international trade in eggs by the other largest dealers also takes place whenever necessary to supplement local supplies or to dispose of local surpluses.

Local dealers may be either long or short of particular grades in relation to total market receipts. The extent of wholesale trading among Alberta dealers was not determined in this study, but some Edmonton dealers reported that they frequently traded wholesale lots with other local dealers whenever possible. In other words, the portion of the interprovincial movement of eggs between Alberta and other provinces occurs mostly to balance the overall market position rather than the position of individual firms in the local market area.

Egg price "breaks" are extremely annoying to producers and there have been claims by producers and others who follow the market that the Edmonton egg market has been more unstable than was justified by changes in the supply-demand situation. If this has been so, it appears to have been mostly the result of misinterpretation of the market, and of the standard quality price basing system rather than of attempts at price manipulation for speculative purpose. As has been noted, A.P.M. handles a larger proportion of farm, brown eggs than of the commercial, white eggs that are preferred by the trade and consumers. It was formerly the practice to quote producer prices on the farm egg standard, with premiums for commercial or white-shelled eggs. Because of the greater variability in the seasonal supply and quality of farm eggs, price quotations reflected these characteristics. This limitation was eventually recognized, and the standard for price quotation purposes was changed to commercial eggs in April, 1965 with appropriate discounts for farm eggs.

In 1966, producer egg price quotations, as reported daily and weekly by the Poultry Division, Canada Department of Agriculture, state the prices of commercial eggs and of farm eggs in Edmonton, Calgary and Lethbridge as the extremes in what appears as a range. For example, 27-35 cents per dozen for A Large, means that the bulk of commercial eggs were bought at 35 while the bulk of the farm eggs were settled for at 27. There were very few transactions within the range because Cal-Ed was the only firm reporting prices to the Poultry Division that were buying eggs on a volume incentive schedule. All of the other large dealers reporting prices on Monday, or as mid-week changes occur, to the Poultry Division buy eggs on a flat price, graded basis. The price spread between commercial and farm eggs varies with the overall supply situation and the season of the year, widening during extreme weather and on a surplus market, when the main outlet is with breakers.

Problems in the Egg Marketing System

One of the main problems confronting commercial or specialized egg producers in Alberta, and throughout Canada, in recent years has been the wide fluctuations that have occurred in egg prices. In any particular period, the typical egg producers net income was determined to a larger extent by the egg price level and to a much lesser degree by his volume and efficiency of production.

The price instability that has prevailed in Alberta's egg markets has likely altered some of the trends towards greater specialization and towards more integration of the production and marketing functions. Price instability has probably exerted a restraining effect upon some farmers who might have, except for the price risk, enlarged and modernized their laying flock enterprise. On the other hand, egg price instability has probably accelerated the trend towards more integration. An increasing proportion of large egg producers have undertaken the processing and marketing functions, while others have entered into contracts, under which some of the risk of low price is transferred from the producer to the dealer.

Due to the impact of increasing specialization and integration, it appears that some of the instability that has featured egg production and prices in the past could diminish in the future. This appears to be especially so in the case of seasonal influences and somewhat less so in the case of cyclical factors. The gradual transition of the egg industry in Alberta from a farm basis to a commercial basis, will likely reflect the trends in production that have occurred in other parts of Canada, during a similar period of development. If so, the year round growing of ready-to-lay pullets will become more prevalent in Alberta, and thus flock replacements and egg production will become more seasonally regular than has been the case in the past.

Although the seasonal instability in monthly egg production in Alberta will likely diminish, as the relative importance of commercial production increases, seasonal variations in egg supplies and prices will continue to prevail in Alberta within the foreseeable future because of the natural advantages of range rearing compared with the higher costs of year-round operations requiring insulated and heated buildings. If so, this means that egg production in the period from July to November will continue to remain below average, but to a diminishing extent each year. The fall period will, likewise, still be characterized by relatively more small and medium sized eggs.

The trend towards greater integration of egg production and marketing could also lessen the cyclical instability in egg production and prices. However, integration in Alberta has not yet developed as thoroughly as it might, and consequently its impact upon future egg production and prices is still more or less uncertain.

Integration in Alberta's egg marketing system is being directed from different points within the marketing channel, that is, by producer-vendors, food retailers, feed suppliers and by egg dealers or distributors. Except for Safeway, who through their store system, have direct contact with retail

shoppers, the other integrators depend heavily upon other agencies in the marketing channel to reach the ultimate consumer. Thus, their marketing programs require relatively more attention by management than is the situation with Safeway, where effective procurement and store merchandising of eggs are the main points concerning Safeway's management.

It appears to be a relatively easy matter for Safeway to contract with producers for a quantity of eggs approximately equal to their retail and wholesale requirements. In this respect the producer-vendors position is similar to Safeway's in that they may schedule their production to about equal the anticipated requirements of their customers. However, the much smaller scale of operation of producer-vendors does not permit as much flexibility in their production as is the case with Safeway's egg procurement program. On the other hand, the middle integrator, that is the feed company or the specialized dealer must effectively co-ordinate the decisions of agencies at both ends of the marketing channel. The ability of middle integrators to obtain stable retail and/or institutional accounts determines the extent and the terms upon which he may in turn contract with egg producers. The middle integrator's competitive position with respect to procurement is weakened whenever his customers are able to switch to another supplier. Of course, their ability and desire to do this depends partly upon the past performance and reputation of their supplier, and the extent and durability of his competitors. Forward contracting between egg dealers and their customers has not developed to the same extent as has contracting with producers. Although the middle integrator will attempt to co-ordinate and balance his procurement program with his marketing program, this is not always possible because it is more difficult to develop assured market outlets for eggs in line with his committed production. Since the middle integrator is primarily interested in profit from volume, there is some danger that they will regularly produce beyond reasonable market requirements, as has been the situation so often in the broiler chicken industry, where middle integrators have dominant control of production decisions.

This same danger of over production upon the producer price structure for eggs is also prevalent in the freedom of entry of new integrated production units and of unrestrained expansion among existing producer-vendors, as well as among contract producers. It thus appears, that there is a need in Alberta's egg industry for an agency, such as a producer marketing board, or an industry commission, to plan and administer the further development of the industry.

The two egg producer co-operatives in Alberta have not adjusted their egg procurement programs to any great extent in recent years. Both A.P.M. and C.A.D.P. were organized and have been managed to provide the marketing functions for small flock production from general type farms. Subsequent developments in the egg industry have made their procurement and merchandising policies somewhat outdated, as far as the commercial flock producer is concerned. This is evident from the relative decline since 1962 in the total annual volume of receipts by both A.P.M. and C.A.D.P. in contrast with the growing importance of producer-vendors and the integrated operations of Safeway, Cal-Ed and Ogilvie.

In spite of the recent decline in the relative importance of the egg producer co-operatives, this form of organization could be revitalized to perform competitively in Alberta's egg marketing system. Re-organization of the egg marketing functions of A.P.M. would probably accelerate the trend towards the centralization of their processing operations within the larger urban centres. Their system includes a new plant in Calgary which has about double the capacity of its 1965 operating level. Greater volume would reduce their unit costs to a more competitive level with respect to efficient producer-vendors and to other dealers. However, an increased volume will depend greatly upon the effectiveness of the co-operatives merchandising and procurement policies and programs.

In addition to the individual efforts of producers and dealers to lessen egg price risks through greater integration, the industry may adopt a collective plan of action to stabilize egg markets in the future. The Agricultural Products Marketing Act of Alberta provides the legal authority for the establishment of either a producer marketing board or an industry commission, should producers and/or dealers favor either of those alternatives. The Alberta Commercial Egg Producers Association already have drafted a proposed scheme for an egg producer marketing board.

Summary

1. Alberta's egg industry has been changing rapidly in recent years. In egg production, a most significant trend has been the continuous decline in the number of general farm flocks between 1951 and 1966, and the steady rise in the numbers of commercial sized flocks. During this period, egg production has been shifting from a farm basis to a commercial basis, but the transition was not complete in 1966.
2. Total egg production declined in Alberta between 1958 and 1963, and shifted from an overall surplus position to a self sufficient position. Since 1963, the volume of egg production in Alberta has been fairly stable, except for the influence of cyclical and seasonal movements. The trends toward concentration and specialization in egg production accelerated between 1963 and 1966 due to the impact of changes in Alberta's egg marketing system.
3. Alberta's egg marketing system in 1966 was composed of several thousand small producer vendors who sell ungraded eggs direct to consumers, about 231 producer graders who market directly to retailers, institutions and households and of 43 egg marketing firms who purchase eggs from producers for grading, packing and distribution, under the provisions of the federal and provincial shell egg marketing regulations.
4. Total egg marketings in Alberta through all channels dropped from 34.4 million dozen in 1961 to 28.9 million in 1963, and have remained about the 1963 level since that time. The annual volume of eggs marketed by producers through egg marketing firms (registered stations) in Alberta between 1961 and 1966 remained fairly constant at about 13 to 14 million dozen per year. Direct sales of ungraded egg by producer vendors, during this period, dropped from 17.9 million dozen in 1961 to 10 million in 1966. On the other hand, estimated direct sales by producer graders rose from 2.6 million dozens in 1961 to 4.6 million in 1966.
5. The relative importance of producer graders in Alberta's egg industry increased during the period between 1961 and 1966. While the numbers of producer graders increased only moderately, their average flock sizes advanced from 1200 layers in 1961 to 1800 layers in 1966.
6. The 43 egg marketing firms operating egg grading stations in Alberta in 1966 were quite heterogeneous with respect to size and type of firm and with respect to the scope and nature of their total operations. They consisted of producer co-operatives, a retail food chain, a feed manufacturer, specialty egg and poultry dealers, creameries, dairies and primary producers. The number of egg marketing firms in Alberta declined from 53 in 1961 to 43 in 1966, mostly due to a sharp drop in the number of small rural dealers. However, Safeway, Ogilvie, Cal-Ed and a few smaller firms also entered the industry during this period, and they have had a pronounced impact upon the egg marketing system in Alberta.
7. The new marketing firms, especially Safeway and Cal-Ed, have operated quality control and volume incentive programs with respect to procurement, and have centralized their processing operations in Edmonton. Ogilvie, and the producer co-operatives to a lesser extent, have closed numerous satellite country grading stations between 1962 and 1966.

8. Egg prices movements in Alberta from 1962 to 1966 were much greater percentage-wise than the monthly variation in egg marketings.
9. Seasonal price movements will probably diminish in Alberta with the trend toward specialization in egg production and toward marketing agreements and contracts between egg producer and distributor.
10. Integration in Alberta's egg industry is being directed from various points within the marketing channel, that is by producer graders, producer co-operatives, retail food chain, feed company and by specialty processors and distributors. While the further spread of the various forms of integration is expected to reduce average costs in egg production and distribution, its impact upon cyclical supply and price movements are more or less uncertain.

Appendix Table 1a
PRODUCER VENDOR SURVEY

Provincial Summary

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Total No. Flocks	196	204	219	250	253	231
Total No. Birds	236,335	267,475	345,179	424,330	484,896	414,705
Av. Flock Size	1,206	1,372	1,576	1,697	1,916	1,795
Replacement						
Annually	151	147	155	202	191	179
Semi-annually	32	43	50	34	50	40
Quarterly	8	10	10	14	12	14
Total White egg birds	209,410	239,219	334,674	416,741	476,741	409,355
Total brown egg birds	26,925	28,256	10,505	7,589	8,185	5,350
Flocks in cages	10	15	8	17	32	31
Birds in cages	-	-	-	68,500	128,700	150,880
Controlled temp. coolers	22	28	20	32	44	62
Misc. cooling	168	173	192	218	189	132

Flock Size Graduated

Under 300	44	46	44
300 to 499	47	32	28
500 to 999	38	48	44
1,000 to 1,999	54	46	46
2,000 to 4,999	43	53	47
Over 5,000	24	25	24

Appendix Table 1b

PRODUCER VENDOR SURVEY - 1966

Territory Summary

Territories	Lethbridge and Calgary	Red Deer	Camrose and Edmonton Northeast	Edmonton and Northwest	Peace River
Total No. Flocks	78	34	41	27	51
Total No. Birds	220,065	67,850	65,920	20,415	40,455
Av. Flock Size	2,821	1,996	1,608	756	793
<u>Replacement Sched.</u>					
Annually	54	25	33	23	44
Semi-annually	20	6	4	3	7
Quarterly	7	3	4	-	-
White egg flocks	74	31	41	26	50
Tot. white birds	216,085	66,700	65,920	20,335	40,315
Brn. egg flocks	4	3	Nil	1	1
Total Brown birds	3,980	1,150	Nil	80	140
Flocks in cages	14	9	1	3	4
Birds in cages	73,700	49,100	2,500	16,000	9,580
Controlled temp. coolers	34	12	8	5	3
Misc. cooling	44	7	33	-	48
<u>Flock Size Graduated</u>					
Under 300	7	-	9	7	21
300 to 499	5	9	5	3	6
500 to 999	5	12	7	7	13
1,000 to 1,999	18	6	9	7	6
2,000 to 4,999	34	2	7	1	3
Over 5,000	11	5	4	2	2

Source: Poultry Division, Alberta Department of Agriculture.

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